

A00
Payments to Civil Divisions of the State

Operating Budget Data

(\$ in Thousands)

	<u>FY 12</u> <u>Actual</u>	<u>FY 13</u> <u>Working</u>	<u>FY 14</u> <u>Allowance</u>	<u>FY 13-14</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Fund	\$119,747	\$111,009	\$149,095	\$38,086	34.3%
Adjusted General Fund	\$119,747	\$111,009	\$149,095	\$38,086	34.3%
Special Fund	0	36,576	0	-36,576	-100.0%
Adjusted Special Fund	\$0	\$36,576	\$0	-\$36,576	-100.0%
Adjusted Grand Total	\$119,747	\$147,585	\$149,095	\$1,509	1.0%

- The fiscal 2014 allowance totals \$149.1 million in general funds. This includes \$121.4 million for the Disparity Grant program and \$27.7 million for Teacher Retirement Supplemental Grants.
- The increase of \$1.5 million is for Baltimore City's portion of the Disparity Grant program, based on the statutory formula. Baltimore City's tax yield per capita fell relative to the statewide average, which increased its share of funding to the full cap amount.

Note: Numbers may not sum to total due to rounding.

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Analysis in Brief

Issues

Disparity Grant Formula Should Be Modified to Address Cap Inequity and Tax Effort: Disparity grants are provided to lower wealth jurisdictions in recognition of lower tax capacity. A cap on grants adopted for fiscal 2010 inequitably excludes counties that would otherwise be eligible to receive funding. Options include establishing a formula floor, phasing out the cap adjusted to reflect tax effort, or converting the grant to a flat dollar amount. **Legislation is recommended to modify the Disparity Grant program to either (1) permit jurisdictions that are eligible for disparity grants to receive a minimum of 40% of the formula; (2) to phase out the cap over five years but limit grants to the ratio of each eligible jurisdiction's local income tax rate to the statewide 3.2% maximum; or (3) to provide a flat grant that could be increased periodically based on the health of the State's general fund. Under any scenario, it is recommended that the minimum local income tax rate required to receive disparity grants be increased from 2.4 to 2.6%.**

Recommended Actions

1. Concur with Governor's allowance.

Updates

New Teacher Retirement Supplemental Grant Created: A provision in Chapter 1 of the First Special Session of 2012 created a new grant to supplement the costs to local jurisdictions for assuming a share of teacher retirement expense. Nine counties will receive a portion of \$27.7 million annually. A \$3.1 million miscellaneous grant to Baltimore City was also repealed and combined within its portion of this new grant.

A00
Payments to Civil Divisions of the State

Operating Budget Analysis

Program Description

State grant programs which provide funds to Maryland's local jurisdictions are budgeted under Payments to Civil Divisions of the State. This includes disparity grants to low-wealth jurisdictions and grants to mitigate the impact of the local assumption of a portion of teacher retirement costs.

Proposed Budget

The Governor's allowance for Payments to Civil Divisions of the State will total \$149.1 million in fiscal 2014, which is a \$1.5 million increase (1%) above the fiscal 2013 working appropriation. As seen in **Exhibit 1**, the increase is attributable to the disparity grant formula. **Exhibit 2** provides a summary of funding by jurisdiction from disparity grants and the Teacher Retirement Supplemental Grants in fiscal 2014.

Exhibit 1
Proposed Budget
Payments to Civil Divisions of the State
(\$ in Thousands)

How Much It Grows:	General <u>Fund</u>	Special <u>Fund</u>	<u>Total</u>
2013 Working Appropriation	\$111,009	\$36,576	\$147,585
2014 Allowance	<u>149,095</u>	<u>0</u>	<u>149,095</u>
Amount Change	\$38,086	-\$36,576	\$1,509
Percent Change	34.3%	-100.0%	1.0%
Contingent Reductions	\$0	\$0	\$0
Adjusted Change	\$38,086	-\$36,576	\$1,509
Adjusted Percent Change	34.3%	-100.0%	1.0%
Where It Goes:			
Grants			
Disparity Grant Formula			\$1,509
Total			\$1,509

Note: Numbers may not sum to total due to rounding.

Exhibit 2
State Funding for Payments to Civil Divisions
Fiscal 2014
(\$ in Thousands)

County	Disparity Grants	Teacher Retirement Supplemental Grants	Total Aid FY 2014
Allegany	\$7,299	\$1,632	\$8,931
Anne Arundel	0	0	0
Baltimore City	79,052	10,048	89,099
Baltimore	0	3,000	3,000
Calvert	0	0	0
Caroline	2,132	685	2,817
Carroll	0	0	0
Cecil	0	0	0
Charles	0	0	0
Dorchester	2,023	309	2,332
Frederick	0	0	0
Garrett	2,131	406	2,538
Harford	0	0	0
Howard	0	0	0
Kent	0	0	0
Montgomery	0	0	0
Prince George's	21,695	9,629	31,323
Queen Anne's	0	0	0
St. Mary's	0	0	0
Somerset	4,908	382	5,290
Talbot	0	0	0
Washington	0	0	0
Wicomico	2,197	1,568	3,765
Worcester	0	0	0
Total	\$121,436	\$27,659	\$149,095

Source: Department of Legislative Services

Disparity Grant

State funding targeted to the disparity in local income tax capacity is found in Article 24, Section 9-1101. The Disparity Grant program provides non-categorical State aid to low-wealth jurisdictions for county government purposes. Disparity grants address the difference in the abilities of counties to raise revenues from the local income tax, which for most counties is one of their larger revenue sources.

Counties with per capita income tax revenues less than 75.0% of the statewide average receive grants unless a county has an income tax rate below 2.4% or did not receive grant funding in fiscal 2010, making it subject to the cap restriction adopted at the 2009 session. Aid received by a county equals the lesser of the dollar amount necessary to raise the county's per capita income tax revenues to 75.0% of the statewide average or the amount received from the State in fiscal 2010.

Baltimore City and Allegany, Caroline, Dorchester, Garrett, Prince George's, Somerset, and Wicomico counties will receive grants in fiscal 2014. Funding totals \$119.9 million in fiscal 2013 and \$121.4 million in fiscal 2014, a \$1.5 million (1.3%) increase over the current year. As seen in **Exhibit 3**, the increase in funding is provided to Baltimore City, which was the sole jurisdiction that was below the funding cap in fiscal 2013. Baltimore City's tax yield per capita fell relative to the statewide average, which increased its share of funding to the full cap amount.

Exhibit 3
Disparity Grant by Recipient
Formula Funding Change
Fiscal 2013-2014
(\$ in Thousands)

<u>County</u>	<u>2013</u>	<u>2014</u>	<u>Difference</u>	<u>Percent Difference</u>
Allegany	\$7,299	\$7,299	\$0	0.0%
Baltimore City	77,542	79,052	1,509	1.9%
Caroline	2,132	2,132	0	0.0%
Dorchester	2,023	2,023	0	0.0%
Garrett	2,131	2,131	0	0.0%
Prince George's	21,695	21,695	0	0.0%
Somerset	4,908	4,908	0	0.0%
Wicomico	2,197	2,197	0	0.0%
Total	\$119,927	\$121,436	\$1,509	1.3%

Source: Department of Legislative Services

Exhibit 4 shows both the foregone grant amounts for currently eligible jurisdictions, which are capped at the fiscal 2010 grant level, and for each county that is ineligible to receive any funding in fiscal 2014 due to the cap. As shown, the cap has effectively reduced spending in the allowance by \$34.4 million.

Exhibit 4
Fiscal 2014 Disparity Grant
Effect of the Fiscal 2010 Funding Cap

<u>County</u>	<u>Foregone Grant Above Cap</u>	<u>Eligible Jurisdictions Excluded by the Cap</u>	<u>Total</u>
Allegany	\$4,040		\$4,040
Baltimore City	438		438
Caroline	1,921		1,921
Cecil		\$1,497	1,497
Dorchester	2,362		2,362
Garrett	799		799
Kent		349	349
Prince George's	4,620		4,620
Somerset	1,759		1,759
Washington		7,730	7,730
Wicomico	8,893		8,893
Total	\$24,831	\$9,576	\$34,407

Source: Department of Legislative Services

The eight current grant recipients receive \$24.8 million less than they would have received under an uncapped formula. Three new counties, Cecil, Kent, and Washington, would have been eligible for grants totaling \$9.6 million in fiscal 2014 in the absence of the cap.

Exhibit 5 shows the calculation of the fiscal 2014 disparity grant, including the effect of the cap. The year-over-year changes in each of the individual components that affect the grant's formula can be found in the appendices. **Appendix 2** contains population data, **Appendix 3** contains adjusted income tax wealth data, and **Appendix 4** provides income tax wealth per capita.

Exhibit 5
Disparity Grant Calculation – Fiscal 2014

County	Population July 2011	Tax Year 2011		Per Capita Tax Yield	Per Capita Grant	Total Grant	Fiscal 2010 Grant (Cap)	Effect of Cap
		Adjusted Income Tax Revenues						
Allegany	74,692	\$20,932,284		\$280.25	\$151.80	\$11,338,177	\$7,298,505	-\$4,039,672
Anne Arundel	544,403	356,980,595		655.73	0.00	0	0	0
Baltimore City	619,493	188,160,512		303.73	128.31	79,489,637	79,051,790	-\$437,847
Baltimore	809,941	467,807,583		577.58	0.00	0	0	0
Calvert	89,256	53,703,393		601.68	0.00	0	0	0
Caroline	32,985	10,198,184		309.18	122.87	4,052,889	2,131,782	-1,921,107
Carroll	167,288	98,847,144		590.88	0.00	0	0	0
Cecil	101,694	42,439,106		417.32	14.73	1,497,491	0	-1,497,491
Charles	149,130	76,676,386		514.16	0.00	0	0	0
Dorchester	32,640	9,717,394		297.71	134.33	4,384,623	2,022,690	-2,361,933
Frederick	236,745	139,651,320		589.88	0.00	0	0	0
Garrett	30,051	10,053,505		334.55	97.50	2,929,943	2,131,271	-798,672
Harford	246,489	138,242,686		560.85	0.00	0	0	0
Howard	293,142	253,280,498		864.02	0.00	0	0	0
Kent	20,204	8,380,136		414.78	17.27	348,944	0	-348,944
Montgomery	989,794	904,843,901		914.17	0.00	0	0	0
Prince George's	871,233	350,099,001		401.84	30.20	26,314,683	21,694,767	-4,619,916
Queen Anne's	48,354	28,017,992		579.43	0.00	0	0	0
St. Mary's	107,484	58,465,884		543.95	0.00	0	0	0
Somerset	26,339	4,712,556		178.92	253.13	6,667,132	4,908,167	-1,758,965
Talbot	38,025	25,438,614		669.00	0.00	0	0	0
Washington	148,203	56,300,809		379.89	52.16	7,729,866	0	-7,729,866
Wicomico	99,190	31,765,012		320.24	111.80	11,089,739	2,197,041	-8,892,698
Worcester	51,514	22,745,926		441.55	0.00	0	0	0
Total	5,828,289	\$3,357,460,421		\$576.06	\$0.00	\$155,843,124	\$121,436,013	-\$34,407,111
		<i>Target (75%)</i>		<i>\$432.05</i>				

Note: Numbers may not sum to total due to rounding.

Source: Department of Legislative Services

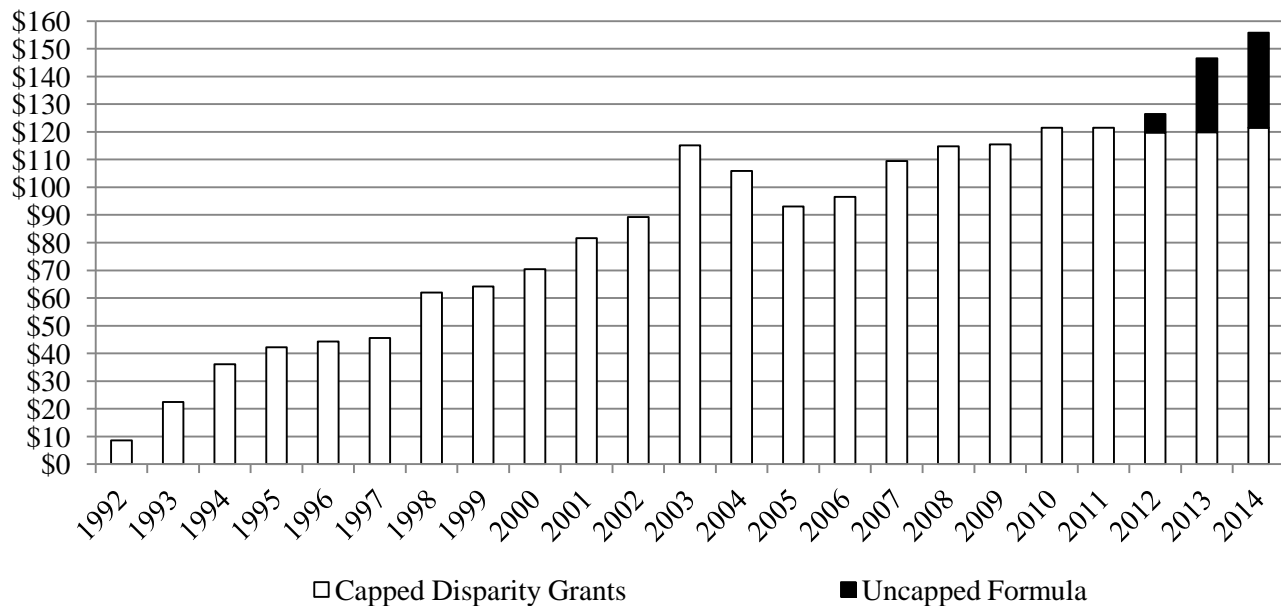
Issues

1. Disparity Grant Formula Should Be Modified to Address Cap Inequity and Tax Effort

Disparity grants have been provided to lower wealth local jurisdictions since fiscal 1992, in recognition of constrained tax capacity. Grants are calculated according to a statutory formula, which supplements per capita income tax receipts to 75.0% of the statewide average. To be eligible to receive a grant, a jurisdiction must have a local income tax rate of at least 2.4%. The maximum local income tax rate that jurisdictions can assess stands at 3.2%. Due to cost containment following the 2008 recession, grants were capped at the fiscal 2010 level. One consequence is that jurisdictions that are otherwise eligible for grant funding are excluded.

Removing the cap completely would be one way to deal with this inequity. One downside of an uncapped grant is that growth in the disparity between wealthier and less wealthy jurisdictions could result in a program costing hundreds of millions in future years. **Exhibit 6** illustrates how the program quickly grew from \$8.8 million in fiscal 1992 to over \$110.0 million by fiscal 2003. In fiscal 2014, a total of \$155.8 million would be required if the grants were not capped.

Exhibit 6
Growth in Disparity Grants
With and Without the Fiscal 2010 Funding Cap
Fiscal 1992-2014
(\$ in Millions)



Source: Department of Legislative Services

A second issue is that the provision of State grants to counties which levy less than the maximum local income tax rate subsidizes lower rates and provides a disincentive for jurisdictions to make full use of local tax capacity. **Exhibit 7** illustrates the local income tax rates in effect for tax year 2011, which serves as the basis for the fiscal 2014 grant, relative to the maximum rate of 3.2%. Three jurisdictions, Baltimore City and Wicomico and Prince George’s counties, levy the maximum local income tax rate.

Exhibit 7
Tax Year 2013 Local Income Tax Rates by Disparity Grant Eligible Jurisdiction

	<u>Tax Year 2013 Local Tax Rates</u>	<u>Local Income Tax Limit</u>	<u>% of Max. Rate</u>
Allegany	3.05%	3.20%	95.00%
Baltimore City	3.20%	3.20%	100.00%
Caroline	2.63%	3.20%	82.00%
Cecil ¹	2.80%	3.20%	88.00%
Dorchester	2.62%	3.20%	82.00%
Garrett	2.65%	3.20%	83.00%
Kent ¹	2.85%	3.20%	89.00%
Prince George’s	3.20%	3.20%	100.00%
Somerset	3.15%	3.20%	98.00%
Washington ¹	2.80%	3.20%	88.00%
Wicomico	3.20%	3.20%	100.00%

¹ Cecil, Kent, and Washington counties are eligible to receive disparity grants according to the statutory criteria but are excluded because funding is limited to only those jurisdictions that received funding in fiscal 2010.

Source: Department of Legislative Services

There are three options that the legislature could consider to address these issues.

Option 1: Add a 40% Minimum Grant. One option to address this inequity would be to permit eligible jurisdictions to receive a minimum of 40% under the Disparity Grant formula while maintaining the same maximum grant ceiling for each jurisdiction. As shown in **Exhibit 8**, adding a 40% floor requirement would allow Cecil, Kent, and Washington counties to participate in grant funding, and would increase the grant to Wicomico County. This option adds approximately \$6.1 million to the total program.

Exhibit 8
Disparity Grant Formula Options: Fiscal 2010 Cap with a 40% Floor

County	Population July 2011	Tax Year 2011 Adjusted Income Tax Revenues	Per Capita Tax Yield	Per Capita Grant	Total Grant	Current Law with FY 2010 Cap	Option 1 Grant with 40% Floor	Option 1 vs. Current Law
Allegany	74,692	\$20,932,284	\$280.25	\$151.80	\$11,338,177	\$7,298,505	\$7,298,505	\$0
Anne Arundel	544,403	356,980,595	655.73	0.00	0	0	0	0
Baltimore City	619,493	188,160,512	303.73	128.31	79,489,637	79,051,790	79,051,790	0
Baltimore	809,941	467,807,583	577.58	0.00	0	0	0	0
Calvert	89,256	53,703,393	601.68	0.00	0	0	0	0
Caroline	32,985	10,198,184	309.18	122.87	4,052,889	2,131,782	2,131,782	0
Carroll	167,288	98,847,144	590.88	0.00	0	0	0	0
Cecil	101,694	42,439,106	417.32	14.73	1,497,491	0	598,997	598,997
Charles	149,130	76,676,386	514.16	0.00	0	0	0	0
Dorchester	32,640	9,717,394	297.71	134.33	4,384,623	2,022,690	2,022,690	0
Frederick	236,745	139,651,320	589.88	0.00	0	0	0	0
Garrett	30,051	10,053,505	334.55	97.50	2,929,943	2,131,271	2,131,271	0
Harford	246,489	138,242,686	560.85	0.00	0	0	0	0
Howard	293,142	253,280,498	864.02	0.00	0	0	0	0
Kent	20,204	8,380,136	414.78	17.27	348,944	0	139,577	139,577
Montgomery	989,794	904,843,901	914.17	0.00	0	0	0	0
Prince George's	871,233	350,099,001	401.84	30.20	26,314,683	21,694,767	21,694,767	0
Queen Anne's	48,354	28,017,992	579.43	0.00	0	0	0	0
St. Mary's	107,484	58,465,884	543.95	0.00	0	0	0	0
Somerset	26,339	4,712,556	178.92	253.13	6,667,132	4,908,167	4,908,167	0
Talbot	38,025	25,438,614	669.00	0.00	0	0	0	0
Washington	148,203	56,300,809	379.89	52.16	7,729,866	0	3,091,946	3,091,946
Wicomico	99,190	31,765,012	320.24	111.80	11,089,739	2,197,041	4,435,895	2,238,854
Worcester	51,514	22,745,926	441.55	0.00	0	0	0	0
Total	5,828,289	\$3,357,460,421	\$576.06	\$0.00	\$155,843,124	\$121,436,013	\$127,505,388	\$6,069,375

Source: Department of Legislative Services

Option 2: Five-year Cap Phase-Out with Tax Effort Adjustment: A second option for modifying the formula would be to remove the cap, phasing the cap out over a five-year period to limit the impact on the general fund but adding a component to account for tax effort. Under the scenario outlined in **Exhibit 9**, the formula is phased-in so that each jurisdiction receives the amount provided in fiscal 2010 plus 20.0% percent of the difference between the 2010 grant and the full grant. Each year's grant would then be adjusted to reflect the ratio of the local income tax rate to the maximum 3.2% rate that can be applied. For example, a jurisdiction that levies an income tax rate of 2.88% (which is 90.0% of 3.2%) would receive 90.0% of its Disparity Grant.

Option 3: Flat Grant. A third option could entail converting the grant to a flat dollar amount. This would ease the strain of significant growth on the general fund and could be increased periodically.

Related to tax effort, one requirement for receiving grants is a minimum local income tax rate of 2.4%. To ensure that no jurisdiction can reduce its local income tax rate below current levels and remain eligible for a disparity grant, the minimum floor should be increased to 2.6%. No eligible jurisdiction has a rate lower than 2.62% currently.

Legislation is recommended to modify the Disparity Grant program to either (1) permit jurisdictions that are eligible for disparity grants to receive a minimum of 40% of the formula; (2) to phase out the cap over five years but limit grants to the ratio of each eligible jurisdiction's local income tax rate to the statewide 3.2% maximum; or (3) to provide a flat grant that could be increased periodically based on the health of the State's general fund. Under any scenario, it is recommended that the minimum local income tax rate required to receive disparity grants be increased from 2.4 to 2.6%.

Exhibit 9
Disparity Grant Formula Options: Phase Out Cap and Adjust for Tax Effort

<u>County</u>	<u>Total Grant</u>	<u>Current Law with FY 2010 Cap</u>	<u>Year 1 20% of Total Grant</u>	<u>Year 2 40% of Total Grant</u>	<u>Year 3 60% of Total Grant</u>	<u>Year 4 80% of Total Grant</u>	<u>Year 5 100% of Total Grant</u>
Allegany	\$11,338,177	\$7,298,505	\$7,701,118	\$8,468,655	\$9,236,193	\$10,003,731	\$10,771,269
Anne Arundel	0	0	0	0	0	0	0
Baltimore City	79,489,637	79,051,790	79,139,359	79,226,929	79,314,498	79,402,068	79,489,637
Baltimore	0	0	0	0	0	0	0
Calvert	0	0	0	0	0	0	0
Caroline	4,052,889	2,131,782	2,063,123	2,378,184	2,693,246	3,008,307	3,323,369
Carroll	0	0	0	0	0	0	0
Cecil	1,497,491	0	263,558	527,117	790,675	1,054,234	1,317,792
Charles	0	0	0	0	0	0	0
Dorchester	4,384,623	2,022,690	2,045,963	2,433,320	2,820,677	3,208,034	3,595,391
Frederick	0	0	0	0	0	0	0
Garrett	2,929,943	2,131,271	1,901,534	2,034,114	2,166,693	2,299,273	2,431,852
Harford	0	0	0	0	0	0	0
Howard	0	0	0	0	0	0	0
Kent	348,944	0	62,112	124,224	186,336	248,448	310,560
Montgomery	0	0	0	0	0	0	0
Prince George's	26,314,683	21,694,767	22,618,750	23,542,734	24,466,717	25,390,700	26,314,683
Queen Anne's	0	0	0	0	0	0	0
St. Mary's	0	0	0	0	0	0	0
Somerset	6,667,132	4,908,167	5,154,761	5,499,518	5,844,275	6,189,032	6,533,789
Talbot	0	0	0	0	0	0	0
Washington	7,729,866	0	1,360,456	2,720,913	4,081,369	5,441,826	6,802,282
Wicomico	11,089,739	2,197,041	3,975,581	5,754,120	7,532,660	9,311,199	11,089,739
Worcester	0	0	0	0	0	0	0
Total	\$155,843,124	\$121,436,013	\$126,286,315	\$132,709,827	\$139,133,340	\$145,556,852	\$151,980,364

Source: Department of Legislative Services

Recommended Actions

1. Concur with Governor's allowance.

Updates

1. New Teacher Retirement Supplemental Grant Created

Chapter 1 of the First Special Session of 2012 required local jurisdictions to begin paying a portion of the costs of teachers' retirement. To mitigate the cost, a new Teacher Retirement Supplemental Grant was created, beginning in fiscal 2013. Nine jurisdictions will receive a portion of \$27.7 million annually, as detailed in **Exhibit 10**.

Exhibit 10 Teacher Retirement Supplemental Grant by Jurisdiction

<u>Jurisdiction</u>	<u>Grant Amount</u>
Allegany	\$1,632,106
Baltimore City	10,047,596
Baltimore	3,000,000
Caroline	685,108
Dorchester	308,913
Garrett	406,400
Prince George's	9,628,702
Somerset	381,999
Wicomico	1,567,837
Total	\$27,658,661

Source: Department of Legislative Services

Miscellaneous Grant to Baltimore City Repealed

A \$3,075,000 miscellaneous grant to Baltimore City, under Article 24, Section 9-1104, was repealed by Chapter 1. The full grant amount was incorporated into Baltimore City's share of the Teacher Retirement Supplemental Grant. Absent this action, Baltimore City's grant would have been just under \$7 million per year.

Current and Prior Year Budgets

Current and Prior Year Budgets Payments to Civil Divisions of the State (\$ in Thousands)

	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
Fiscal 2012					
Legislative Appropriation	\$110,927	\$0	\$0	\$0	\$110,927
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	8,820	0	0	0	8,820
Reversions and Cancellations	0	0	0	0	0
Actual Expenditures	\$119,747	\$0	\$0	\$0	\$119,747
Fiscal 2013					
Legislative Appropriation	\$111,009	\$31,576	\$0	\$0	\$142,585
Budget Amendments	0	5,000	0	0	5,000
Working Appropriation	\$111,009	\$36,576	\$0	\$0	\$147,585

Note: Numbers may not sum to total due to rounding.

Fiscal 2012

The fiscal 2012 budget for the Disparity Grant program was increased by \$8.8 million as a result of Chapter 397 (the Budget Reconciliation and Financing Act of 2011). For fiscal 2012 only, Chapter 397 modified the criteria for calculating the grant from 75% of the statewide average per capita income tax to 77% of the statewide average. Budget bill language also restricted a portion of surplus funds in the Aid to Education budget for this purpose, which represents the amount transferred to the grant by budget amendment. The additional funds were allocated to Prince George's County, with half going to the county budget and half for the county board of education budget.

Fiscal 2013

The fiscal 2013 legislative appropriation consisted of \$111.0 million in general funds and \$31.6 million in special funds. The special funds represent reductions effected by Section 42 of the budget bill and subsequently funded by Chapter 1 of the First Special Session of 2012. Of the special funds, \$12.0 million is the portion reduced from actual disparity grants, and the remaining \$19.6 million is the amount designated for Teacher Retirement Supplemental Grants. Special funds were increased by \$5.0 million through budget amendment in fiscal 2013. Section 46 of the fiscal 2013 budget bill authorized the transfer from the Revenue Stabilization Fund to fully fund the Teacher Retirement Supplemental Grants at the amounts specified in statute. This provided an additional \$2.0 million for Prince George's County and \$3.0 million for Baltimore County.

Disparity Grant Calculation Change in Population by Jurisdiction

County	Population July 2010	Population July 2011	Change 2010-2011	Percent Change 2010-2011
Allegany	75,021	74,692	-329	-0.4%
Anne Arundel	539,198	544,403	5,205	1.0%
Baltimore City	620,583	619,493	-1,090	-0.2%
Baltimore	805,709	809,941	4,232	0.5%
Calvert	88,936	89,256	320	0.4%
Caroline	33,093	32,985	-108	-0.3%
Carroll	167,241	167,288	47	0.0%
Cecil	101,199	101,694	495	0.5%
Charles	147,086	149,130	2,044	1.4%
Dorchester	32,650	32,640	-10	0.0%
Frederick	234,122	236,745	2,623	1.1%
Garrett	30,063	30,051	-12	0.0%
Harford	245,177	246,489	1,312	0.5%
Howard	288,376	293,142	4,766	1.7%
Kent	20,222	20,204	-18	-0.1%
Montgomery	976,203	989,794	13,591	1.4%
Prince George's	865,271	871,233	5,962	0.7%
Queen Anne's	47,899	48,354	455	0.9%
St. Mary's	105,786	107,484	1,698	1.6%
Somerset	26,481	26,339	-142	-0.5%
Talbot	37,834	38,025	191	0.5%
Washington	147,558	148,203	645	0.4%
Wicomico	98,843	99,190	347	0.4%
Worcester	51,431	51,514	83	0.2%
Total	5,785,982	5,828,289	42,307	0.7%

Note: Bold indicates disparity grant recipients.

Source: Department of Budget and Management

Disparity Grant Calculation Change in Adjusted Income Tax Revenues¹

County	Adjusted Income Tax Revenues Tax Year 2010	Adjusted Income Tax Revenues Tax Year 2011	\$ Change 2010-2011	% Change 2010-2011
Allegany	\$21,011,905	\$20,932,284	-\$79,621	-0.4%
Anne Arundel	342,862,258	356,980,595	14,118,336	4.1%
Baltimore City	180,489,048	188,160,512	7,671,463	4.3%
Baltimore	447,307,518	467,807,583	20,500,065	4.6%
Calvert	51,783,869	53,703,393	1,919,524	3.7%
Caroline	9,966,098	10,198,184	232,086	2.3%
Carroll	93,195,748	98,847,144	5,651,396	6.1%
Cecil	41,179,873	42,439,106	1,259,233	3.1%
Charles	74,195,031	76,676,386	2,481,355	3.3%
Dorchester	9,653,680	9,717,394	63,714	0.7%
Frederick	135,299,373	139,651,320	4,351,947	3.2%
Garrett	9,469,495	10,053,505	584,010	6.2%
Harford	130,851,664	138,242,686	7,391,022	5.6%
Howard	238,512,845	253,280,498	14,767,653	6.2%
Kent	8,385,203	8,380,136	-5,067	-0.1%
Montgomery	858,470,982	904,843,901	46,372,919	5.4%
Prince George's	334,893,637	350,099,001	15,205,364	4.5%
Queen Anne's	26,883,326	28,017,992	1,134,666	4.2%
St. Mary's	55,410,816	58,465,884	3,055,067	5.5%
Somerset	4,791,863	4,712,556	-79,307	-1.7%
Talbot	24,244,393	25,438,614	1,194,222	4.9%
Washington	54,616,484	56,300,809	1,684,325	3.1%
Wicomico	31,735,561	31,765,012	29,451	0.1%
Worcester	22,452,359	22,745,926	293,567	1.3%
Total	\$3,207,663,030	\$3,357,460,421	\$149,797,391	4.7%

¹ Per the Disparity Grant formula, income tax revenues are adjusted for all jurisdictions using a standardized 2.54% tax rate.

Note: Bold indicates disparity grant recipients.

Source: Department of Budget and Management

Disparity Grant Calculation Change in Adjusted Income Tax Revenue Per Capita¹

County	Per Capita Tax Yield Tax Year 2010	Per Capita Tax Yield Tax Year 2011	\$ Change 2010-2011	% Change 2010-2011
Allegany	\$280.08	\$280.25	\$0	0.1%
Anne Arundel	635.87	655.73	20	3.1%
Baltimore City	290.84	303.73	13	4.4%
Baltimore	555.17	577.58	22	4.0%
Calvert	582.26	601.68	19	3.3%
Caroline	301.15	309.18	8	2.7%
Carroll	557.25	590.88	34	6.0%
Cecil	406.92	417.32	10	2.6%
Charles	504.43	514.16	10	1.9%
Dorchester	295.67	297.71	2	0.7%
Frederick	577.90	589.88	12	2.1%
Garrett	314.99	334.55	20	6.2%
Harford	533.70	560.85	27	5.1%
Howard	827.09	864.02	37	4.5%
Kent	414.66	414.78	0	0.0%
Montgomery	879.40	914.17	35	4.0%
Prince George's	387.04	401.84	15	3.8%
Queen Anne's	561.25	579.43	18	3.2%
St. Mary's	523.80	543.95	20	3.8%
Somerset	180.95	178.92	-2	-1.1%
Talbot	640.81	669.00	28	4.4%
Washington	370.14	379.89	10	2.6%
Wicomico	321.07	320.24	-1	-0.3%
Worcester	436.55	441.55	5	1.1%
Total	\$554.39	\$576.06	\$22	3.9%
75%	\$415.79	\$432.05	\$16	3.9%

¹Per the Disparity Grant formula, income tax revenues are adjusted for all jurisdictions using a standardized 2.54% tax rate.

Note: Bold indicates disparity grant recipients.

Source: Department of Budget and Management

Fiscal Summary
Payments to Civil Divisions of the State

<u>Program/Unit</u>	<u>FY 12 Actual</u>	<u>FY 13 Wrk Approp</u>	<u>FY 14 Allowance</u>	<u>Change</u>	<u>FY 13 - FY 14 % Change</u>
01 Disparity Grants	\$ 119,747,039	\$ 119,926,717	\$ 121,436,013	\$ 1,509,296	1.3%
02 Teacher Retirement Supplemental Grants	0	27,658,662	27,658,662	0	0%
Total Expenditures	\$ 119,747,039	\$ 147,585,379	\$ 149,094,675	\$ 1,509,296	1.0%
General Fund	\$ 119,747,039	\$ 111,009,045	\$ 149,094,675	\$ 38,085,630	34.3%
Special Fund	0	36,576,334	0	-36,576,334	-100.0%
Total Appropriations	\$ 119,747,039	\$ 147,585,379	\$ 149,094,675	\$ 1,509,296	1.0%

Note: The fiscal 2013 appropriation does not include deficiencies. The fiscal 2014 allowance does not include contingent reductions.